



General Assembly

February Session, 2000

Amendment

LCO No. 4306

Offered by:

REP. NEWTON, 124th Dist.

REP. FELTMAN, 6th Dist.

To: Subst. House Bill No. 5858

File No. 575

Cal. No. 425

"An Act Extending Prescription Drug Coverage To Low-Income Uninsured Individuals."

1 After line 42 insert the following and renumber the remaining
2 section accordingly:

3 "Sec. 4. (NEW) (a) Beginning January 1, 2001, and ending July 1,
4 2003, there shall be a low-cost automobile insurance pilot program for
5 the cities of Hartford, New Haven and Bridgeport in accordance with
6 sections 4 to 13, inclusive, of this act. As used in sections 4 to 13,
7 inclusive, of this act, "pilot program" means the low-cost automobile
8 insurance pilot program established pursuant to this section; "plan"
9 means the plan established by the Insurance Commissioner pursuant
10 to subsection (b) of this section; "policy" and "low-cost policy" mean a
11 low-cost automobile insurance policy made available under the pilot
12 program, and "assigned risk plan" means the plan established under
13 section 38a-329 of the general statutes.

14 (b) After consultation with insurance carriers authorized to issue
15 automobile liability insurance policies in this state, and after a public

16 hearing, the Insurance Commissioner shall establish and approve a
17 reasonable plan or plans to provide insurance coverage for applicants
18 who reside in the cities of Hartford, New Haven and Bridgeport who
19 qualify for the pilot program pursuant to sections 4 to 13, inclusive, of
20 this act. Carriers shall participate to cover qualified applicants. The
21 commissioner shall administer the plan through the assigned risk plan.

22 (c) For purposes of the pilot program, a low-cost automobile
23 insurance policy shall contain the elements set forth in subdivisions (1)
24 to (4), inclusive, of this subsection:

25 (1) The policy shall provide coverage in the amount of ten thousand
26 dollars for bodily injury to, or death of, each individual as a result of
27 any one accident and, subject to that limit as to one individual, the
28 amount of twenty thousand dollars for bodily injury to, or death of all
29 individuals as a result of any one accident, and the amount of five
30 thousand dollars for damage to property of others as a result of any
31 one accident.

32 (2) The policy shall have an initial term of one year, renewable on an
33 annual basis thereafter.

34 (3) The policy shall cover the insured named in the policy, and to
35 the same extent that insurance is provided to the named insured, any
36 other individual using the automobile, provided the use is with the
37 named insured's permission, express or implied, except that the policy
38 shall not cover a resident in the same household as the insured who
39 does not meet the requirements of subdivisions (2) to (6), inclusive, of
40 section 6 of this act.

41 (4) The policy shall provide coverage for an automobile with a
42 value, at the time an individual applies for coverage under the pilot
43 program, of not more than twelve thousand five hundred dollars. The
44 value shall be established by reference to the value given to the
45 automobile by the Secretary of the Office of Policy and Management
46 for property taxation purposes pursuant to section 12-71d of the
47 general statutes as set forth in the information provided to producers

48 under section 13 of this act.

49 (d) Notwithstanding the coverage amounts required by section 14-
50 112 of the general statutes, a low-cost automobile policy issued under
51 the pilot program shall be deemed to satisfy the obligations of the
52 Financial Responsibility Law, sections 14-112 to 14-133, inclusive, of
53 the general statutes and section 38a-371 of the general statutes.

54 Sec. 5. (NEW) (a) The annual rate offered under the pilot program
55 for the low-cost automobile insurance policy shall be set by the
56 assigned risk plan.

57 (b) Rates for policies issued under the pilot program shall be
58 reviewed and revised as set forth in subdivisions (1) to (4), inclusive, of
59 this subsection:

60 (1) The assigned risk plan shall establish a base rate but may adjust
61 the rate for individual insureds based on risk characteristics including,
62 but not limited to, age, miles driven, type of vehicle, gender and type
63 of use. In establishing the base rate, the plan shall take into account the
64 loss experience in states where policies are sold with coverage in the
65 amounts set forth in subdivision (1) of subsection (c) of section 4 of this
66 act. Rates for the pilot program shall be set independently of rates set
67 for the assigned risk plan.

68 (2) Rates shall be set to cover (A) losses incurred under policies
69 issued under the pilot program, and (B) expenses, including, but not
70 limited to, all reasonable and necessary expenses such as the costs of
71 administration, underwriting, taxes, commissions and claims
72 adjusting, that are incurred due to participation in the pilot program.
73 For purposes of this section, "losses incurred" means claims paid,
74 claims incurred and reported and claims incurred but not yet reported.
75 In assessing loss reserves, the Insurance Commissioner shall only
76 allow loss reserves that are estimated from actual losses in the pilot
77 program or comparable data by a licensed statistical agent, as adjusted
78 to reflect coverage provided under the pilot program.

79 (3) Rates shall be set to result in no projected subsidy of the pilot
80 program by insureds who are not participants in the pilot program.

81 (4) Not later than January 1, 2002, the assigned risk plan shall
82 examine the prior year's loss and expense data, together with a
83 proposed rate for the low-cost automobile policy for the pilot program
84 and shall submit recommendations to the commissioner in such form
85 as the commissioner requires. The commissioner shall act on the
86 recommendations not later than ninety days after receipt.

87 (c) The plan shall make available to an insured under the pilot
88 program a premium instalment option under which an insured is
89 required to pay one hundred dollars upon issuance of the low-cost
90 policy, followed thereafter by six additional payments. No other
91 premium financing arrangement may be permitted.

92 Sec. 6. (NEW) A low-cost automobile insurance policy under the
93 pilot program may only be purchased by individuals who satisfy the
94 following eligibility requirements:

95 (1) The individual shall reside in Hartford, New Haven or
96 Bridgeport in a household with a gross annual household income that
97 does not exceed two hundred per cent of the federal poverty level.

98 (2) The individual shall be no less than nineteen years of age and
99 shall have been continuously licensed to drive an automobile for the
100 previous three years.

101 (3) The individual shall not have more than one of the events set
102 forth in subparagraph (A) or (B) of this subdivision as documented on
103 the individual's motor vehicle driving history record or comprehensive
104 loss underwriting report:

105 (A) An accident resulting in only property damage in which the
106 individual was principally at fault.

107 (B) A point for a motor vehicle violation.

108 (4) The individual shall not have, as documented on the individual's
109 motor vehicle driving history record or comprehensive loss
110 underwriting report, within the previous three years an at-fault
111 accident involving bodily injury or death.

112 (5) The individual shall not have a felony or misdemeanor
113 conviction for a motor vehicle violation as documented on the
114 individual's motor vehicle driving history record or comprehensive
115 loss underwriting report.

116 (6) The individual shall not be a college student claimed as a
117 dependent of another individual for federal or state income tax
118 purposes.

119 (7) The individual may not have automobile liability insurance
120 coverage in an amount greater than the liability coverage amounts
121 provided by the low-cost policy, except that an individual shall qualify
122 if, at the time of application, the applicant has maintained for not less
123 than one year prior to the date of application, automobile liability
124 coverage in an amount not greater than the minimum amounts set
125 forth in subsection (a) of section 14-112 of the general statutes. The
126 applicant shall so certify on the application form.

127 Sec. 7. (NEW) (a) An individual may apply for coverage under the
128 plan through any licensed producer certified by the plan. In order to
129 demonstrate financial eligibility to purchase a low-cost automobile
130 insurance policy under the pilot program, the applicant shall present at
131 the time of application a copy of the applicant's federal or state income
132 tax return for the previous calendar year or other reliable evidence
133 from a governmental agency or governmental means-tested program
134 of the applicant's gross annual household income, as required by the
135 commissioner.

136 (b) The applicant shall certify that the representations made in the
137 documents submitted as proof of financial eligibility and in the
138 application for the policy are true, correct, and contain no material
139 misrepresentations or omissions of fact to the best knowledge and

140 belief of the applicant.

141 (c) The certified producer shall forward the application, supporting
142 documents, and the applicant's certification to the plan or other
143 individual or entity designated by the Insurance Commissioner. The
144 information on the application, supporting documents and
145 certification shall be confidential. The information, documents and
146 certification may not be disclosed by the producer or the plan and shall
147 not be subject to disclosure under the Freedom of Information Act, as
148 defined in section 1-200 of the general statutes.

149 (d) No producer may issue a binder for coverage under the plan.

150 (e) A certified producer, the producer's agency and employees and
151 any person, as defined in section 38a-1 of the general statutes,
152 contracting with a producer shall be held harmless from (1) any claim,
153 judgment or legal action resulting from an individual's application for
154 coverage or purchase of coverage under the plan, or (2) any related or
155 unrelated claim made against the insured under the plan including,
156 but not limited to, uninsured and underinsured claims.

157 (f) Each insurance company that issues an automobile policy in this
158 state and each certified producer shall inform an individual about the
159 coverage available under the pilot program if the individual (1)
160 inquires about a new automobile policy, and is not renewing a policy,
161 and the individual indicates that the individual resides in Hartford,
162 New Haven or Bridgeport, or (2) inquires about coverage under the
163 pilot program.

164 Sec. 8. (NEW) (a) A certified producer shall provide to an applicant
165 for a low-cost automobile insurance policy under sections 4 to 13,
166 inclusive, of this act, a notice relating to coverage under the policy. The
167 notice shall be provided in a separate document at the time of
168 application, and include the following statement in fourteen-point
169 bold-face type:

170 "NOTICE

171 INSURANCE COVERAGE PROVIDED IN THE POLICY YOU ARE
172 BUYING CONTAINS REDUCED LIABILITY COVERAGE FOR
173 PERSONAL INJURIES OR PROPERTY DAMAGE RESULTING FROM
174 THE OPERATION OF THE INSURED VEHICLE.

175 IF LOSSES FROM AN AUTOMOBILE ACCIDENT EXCEED THE
176 COVERAGE PROVIDED BY THIS POLICY, YOU CAN BE HELD
177 PERSONALLY LIABLE AND RESPONSIBLE FOR THOSE LOSSES.
178 THIS POLICY PROVIDES LIABILITY COVERAGE FOR INJURIES OR
179 DEATH CAUSED TO OTHER PERSONS IN THE TOTAL AMOUNT
180 OF TEN THOUSAND DOLLARS (\$10,000) PER PERSON IN ANY
181 ONE ACCIDENT, AND UP TO A TOTAL AMOUNT OF TWENTY
182 THOUSAND DOLLARS (\$20,000) FOR ALL PERSONS IN ANY ONE
183 ACCIDENT. THE POLICY ALSO PROVIDES UP TO A TOTAL
184 AMOUNT OF FIVE THOUSAND DOLLARS (\$5,000) IN LIABILITY
185 COVERAGE FOR PROPERTY DAMAGE IN ANY ONE ACCIDENT.

186 IF YOU WANT MORE INSURANCE COVERAGE, YOU MUST
187 REQUEST A DIFFERENT POLICY. THIS POLICY ALSO DOES NOT
188 COVER DAMAGE TO YOUR OWN VEHICLE, LOSSES RESULTING
189 FROM YOUR BODILY INJURY OR DEATH, OR COVERAGE FOR
190 LOSSES CAUSED BY AN UNINSURED OR UNDERINSURED
191 DRIVER. HOWEVER, UNINSURED, UNDERINSURED AND BASIC
192 REPARATIONS COVERAGE MAY BE AVAILABLE AT EXTRA COST
193 THROUGH OTHER INSURERS. THIS POLICY DOES NOT COVER
194 ANY OTHER DRIVER RESIDING IN YOUR HOUSEHOLD WHO:

195 (1) IS UNDER NINETEEN YEARS OF AGE;

196 (2) HAS LESS THAN THREE YEARS OF CONTINUOUSLY
197 LICENSED DRIVING EXPERIENCE;

198 (3) HAS MORE THAN ONE OF EITHER, OR BOTH, OF THE
199 FOLLOWING:

200 (A) A PROPERTY DAMAGE ONLY ACCIDENT IN WHICH THE
201 DRIVER WAS PRINCIPALLY AT FAULT; OR

202 (B) A POINT FOR A MOVING VIOLATION.

203 (4) HAD IN THE PREVIOUS THREE YEARS AN AT-FAULT
204 ACCIDENT INVOLVING BODILY INJURY OR DEATH; OR

205 (5) HAS A FELONY OR MISDEMEANOR CONVICTION FOR A
206 VIOLATION OF THE MOTOR VEHICLE CODE ON THE PERSON'S
207 RECORD."

208 (b) When the certified producer establishes delivery of the
209 disclosure form prescribed in subsection (a) of this section by obtaining
210 the signature of the applicant or insured, there shall be a conclusive
211 presumption that the certified producer has complied with the
212 disclosure requirements of this section.

213 Sec. 9. (NEW) For the sale of a low-cost automobile insurance policy
214 issued pursuant to the pilot program, certified producers shall be
215 entitled to the same commission rate as is paid by the assigned risk
216 plan for automobile liability insurance policies. No other fee may be
217 charged or collected by a producer regarding a low-cost policy. The
218 sale of a low-cost policy under sections 4 to 13, inclusive, of this act
219 shall not be conditioned on the purchase of any other product or
220 service.

221 Sec. 10. (NEW) (a) A low-cost automobile insurance policy issued
222 pursuant to the pilot program may be canceled by the plan or insurer
223 only for the reasons set forth in this subsection:

224 (1) Nonpayment of premium;

225 (2) Fraud or material misrepresentation affecting the policy or the
226 insured;

227 (3) The purchase or maintenance of additional automobile liability
228 insurance coverage in violation of subsection (a) of section 11 of this
229 act; or

230 (4) The purchase or maintenance of automobile liability insurance

231 coverage other than a low-cost policy for any additional vehicles in the
232 insured's household, in violation of subsection (b) of section 11 of this
233 act.

234 (b) A policy may be nonrenewed by the plan or insurer only for the
235 reasons set forth in this subsection:

236 (1) A substantial increase in the hazard insured against; or

237 (2) The insured no longer meets the applicable eligibility
238 requirements as set forth in section 6 of this act, provided the eligibility
239 of an insured shall be recertified by the assigned risk plan after the first
240 year of eligibility, and annually thereafter by the insurer that issued
241 the policy.

242 Sec. 11. (NEW) (a) An insured under the pilot program shall not
243 purchase or maintain automobile liability insurance coverage that is in
244 addition to the liability coverage provided by the low-cost policy, and
245 shall not purchase or maintain collision coverage, except the insured
246 may purchase uninsured motorist coverage or basic reparations
247 coverage outside of the plan.

248 (b) An insured under the pilot program shall not purchase or
249 maintain any automobile liability insurance coverage other than a low-
250 cost policy for any additional vehicles in the insured's household.

251 (c) No more than two low-cost policies may be issued to one
252 household.

253 Sec. 12. (NEW) (a) The pilot program may begin operations on
254 January 1, 2001, but shall be fully operational not later than July 1,
255 2001.

256 (b) The Insurance Commissioner may adopt regulations, in
257 accordance with the provisions of chapter 54 of the general statutes, to
258 implement the provisions of sections 4 to 12, inclusive, of this act.

259 (c) Not later than January 1, 2002, and annually thereafter until

260 January 1, 2004, the Insurance Commissioner shall report to the joint
261 standing committee of the General Assembly having cognizance of
262 matters relating to insurance on the operations and status of the pilot
263 program.

264 Sec. 13. (NEW) Beginning January 1, 2001, and ending July 1, 2003,
265 the Secretary of the Office of Policy and Management shall make
266 available to certified producers the schedule of motor vehicle values
267 established under section 12-71d of the general statutes. Producers
268 shall use the schedule to determine an applicant's eligibility under the
269 pilot program. The secretary shall update the information whenever
270 there is a change in the information."